

Six: **Funding Options**

A healthy parks and recreation system is built on a foundation of strong financial and community support. For cities across Oregon, particularly small cities, procuring adequate funding for the development, maintenance, and operation of parks and recreational programming can be a particular challenge. Ultimately, cities with the most successful parks and recreation systems are those with a strong base of volunteer support. Since ongoing maintenance and operation costs can rarely be covered by tax revenue and other fees, parks and recreation systems must rely on the community's volunteer labor and fundraising efforts to ensure parks remain well-maintained and responsive to residents' needs.

In this chapter, we briefly discuss common funding mechanisms for parks and recreation systems that the City should consider as it begins to generate a funding plan. For more detailed information about these options, see Section B: Parks and Recreation Funding Sources of Appendix E.

Traditional funding sources such as tax levies, system development charges, and grants are vital to the development, maintenance, and operation of parks and recreation systems. But in addition to these traditional options, we urge the City to cultivate a dedicated corps of volunteers who can provide ongoing support for maintaining and improving Cave Junction's parks. In the long run, community supporters and volunteers will likely be the key to the sustained success of Cave Junction's parks and recreation system.

Revenue Generation

At the most basic level, cities receive tax revenue that can be channeled in part towards supporting parks and recreation. Cities generally allocate some of the resources in their General Fund to parks and recreation. In addition to this, however, cities have a few other options for generating additional revenue that can be applied towards parks and recreation.

Bonds

Cities can issue general obligation bonds to fund capital improvements. Bonds may not be issued for maturity longer than the project's useful life: residents should not be paying for a major park or recreational facility after it is no longer in use.²²

Used For: Capital improvements

Drawbacks: Bonds must be approved by voters, who are often reluctant to approve additional government spending.

Benefits: Bonds can generate a substantial amount of capital. This capital can then be used for land acquisition or improvements to existing parks, which are often very expensive projects.

²² Crompton, John L. 1999, Financing and Acquiring Park and Recreation Resources. Champaign, IL, Human Kinetics.

Recommendation: Since this Master Plan does not suggest major land acquisitions or hugely expensive park improvements, bonds are not a good fit for funding the City's park system at this time.

Tax Levies

In addition to the base property tax rate, cities can ask voters to approve a local option tax levy. This levy may be used to fund capital projects over a specified period of time, up to ten years. In addition to local option tax levies, it is also possible to form a parks and recreation special district with taxing authority. A parks and recreation special district has the ability to levy up to 0.5% of the real market value of all taxable property within the district. The special district boundaries do not necessarily have to match the city limits.

Used For: Local option tax levy – capital improvements; Special district – capital improvements and ongoing maintenance/operation.

Drawbacks: Tax levies must be approved by voters, who are often reluctant to approve an additional tax burden. It may be particularly difficult to convince voters to approve the formation of a new taxing district.

Benefits: Tax levies can generate a substantial amount of revenue which can help cover expensive capital projects. In the case of a special district, tax revenue can also fund ongoing maintenance and operations, aspects of a parks and recreation system that are particularly challenging to fund.

Recommendation: Since this Master Plan does not suggest major land acquisitions or hugely expensive park improvements, tax levies and/or special district formation are not a good fit funding the City's park system at this time.

System Development Charges (SDCs)

According to Oregon's Legislative Committee Services, System Development Charges (SDCs) are one-time fees charged on new development, and certain types of redevelopment, to help pay for existing and planned infrastructure to serve the development.²³ Cave Junction currently does not have SDCs for parks.

Used For: Capital improvements

Drawbacks: SDCs increase the costs of development, which may deter developers from building in Cave Junction. SDCs also may not raise significant capital for development and improvement of parks unless Cave Junction experiences a large amount of development.

Benefits: SDCs are an equitable way to distribute the burden of funding the park system. They ensure that cities can accommodate the increased use of parks and recreation systems brought by new development, and that the new users of the system are helping to pay for the system's expansion.

²³ Adkins, Janet. "A Background Brief on System Development Charges." May 2004. Legislative Committee Services Background Brief, Volume 2, Issue 1. https://www.oregonlegislature.gov/lpro/Publications/2004GG_System_Development_Charges.pdf

Recommendation: Cave Junction should explore the possibility of adding a parks SDC. Many cities in Josephine and Jackson Counties charge SDCs for parks. These funds have improved the ability of cities to pursue new park development in the long term.

User Fees

User fees are charged directly to park and recreation patrons for a specific purpose or activity. Examples include rental fees for picnic pavilions or fees charged for participating in recreational programming. In some cases, cities may also charge parking fees to help support the park system, or add an additional fee on residents' utility bill that can be applied towards park maintenance.

Used For: Primarily ongoing maintenance and programming

Drawbacks: User fees typically generate only a fraction of the funds needed for ongoing maintenance. They may also deter residents, particularly low-income residents, from using parks and recreation facilities.

Benefits: Since there are very few options for generating additional funding for ongoing maintenance and programming, user fees are often essential to sustaining facilities and programming. They are also equitable in that they require the direct users of a service to pay for it.

Recommendation: Cave Junction already makes use of some user fees (rental fees for example), but it would be useful to explore additional options. In particular, many cities have found success in charging a small additional fee for parks and recreation on residents' utility bills. Although the revenue may be small, every little bit helps.

Grants

Grants are a good strategy to supplement park acquisition and development funds. Many grant organizations fund park acquisition and improvements, although few provide funds for ongoing maintenance activities. There are many potential sources for grants. In particular, small cities often turn to the Oregon Parks and Recreation Department's (OPRD) Local Government Grant Program. OPRD grants have funded countless park projects across the state. Section B: Parks and Recreation Funding Sources of Appendix E contains a list of potential grants for the City to explore.

Used For: Capital improvements

Drawbacks: Two factors that make grants challenging are (1) most grant organizations have lengthy processes that will require staff time and effort, and (2) grants usually have very specific guidelines and only fund projects that specifically address their overall goals.

Benefits: Expensive capital projects (such as land acquisition or park re-design) are often not possible without supplemental funding from grant sources, particularly for small cities.

Recommendation: Although obtaining and managing grants may be onerous, Cave Junction will likely have to apply for grant funding to help meet the expenses of future park development. In particular, grants will likely be necessary to help cover the proposed improvements to Jubilee Park.

Donations, Partnerships, and Volunteering

To complement revenue from taxes and user fees, we strongly suggest that Cave Junction solicit donations (either monetary or physical, including parkland), pursue partnerships, and encourage volunteerism. As previously mentioned, the products of “community goodwill” can be essential to building and sustaining the parks and recreation system.

In particular, we recommend that Cave Junction work to form a “Friends of the Parks” nonprofit organization, or seek out another existing nonprofit organization that might be willing to take up the cause of parks and recreation in the city. Such an organization is essential in many small cities for organizing volunteers, fundraising, and managing financial donations.

Some additional strategies for rallying support around parks and recreation include:

- **Park Dedication in Lieu of Fees** – Developers may not be required to pay SDCs if they agree to donate land for parks.
- **Sponsorship/Adopt-a-Park** – Some organizations may be willing to “adopt a park” (or part of a park) and take charge of maintenance and fundraising for their adopted area.
- **Annual fundraising events** – Many cities rely on events such as races, pancake breakfasts, and special dinners to gather donations either for specific park projects, or for ongoing maintenance.
- **General volunteerism** – Many existing groups may be interested in one time or ongoing involvement in maintaining or building parks. Cave Junction should consider reaching out to the following groups for help with parks maintenance, or assistance with installing new park features:
 - K-12 classes, clubs, and community service programs
 - Civic groups, such as Lions Club
 - Businesses

Section C of Appendix E contains a more extensive list of potential partners who might assist with implementing this master plan.